

1 A Not recently.

2 Q Ever -- ever since -- I'm sorry.

3 Ever since December 21st?

4 A It was disclosed to us that he was receiving
5 that compensation in -- sometime after December 21st,
6 2000.

7 Q But since then you have never asked him whether
8 he continues to receive it, and you don't know whether
9 he's receiving it today?

10 A I don't know if he's receiving that today.

11 Q Is that something you would want to know as a
12 director?

13 A No.

14 Q Why?

15 A Because I'm very pleased with the job
16 Mr. Crowley is doing as CEO. And when I hired him, I
17 knew he was doing some consulting for Cerberus or one of
18 those -- one of the subsidiaries.

19 Q Did it ever occur to you that though he is
20 doing a good job, he might have done even better -- he
21 might have done an even better job had there not been
22 this relationship?

23 A It occurred to me that he could not have done a
24 better job than what he has done, whether he was getting
25 \$80,000 or a million dollars a month.

1 Q Did you or, to your knowledge, any member of
2 the board ever have a discussion with Crowley in which
3 it was suggested that he either give up his relationship
4 with Cerberus or give up his relationship with Coram?

5 A Only when I was negotiating the agreement with
6 him.

7 Q Please tell me what "the agreement" means.

8 A The initial employment agreement in October,
9 November of '99.

10 Q And tell me about that discussion.

11 A He said that he -- he made me aware of it. But
12 at that time, the agreement -- and at that time, the
13 upside was so great that he would not give it up in
14 order to become the CEO of the company.

15 Q Okay. You said, "he made me aware of it."
16 What was "it"?

17 A The relationship with himself and Winterland.

18 Q At that time, he did not disclose to you he was
19 receiving \$80,000 a month from Cerberus?

20 MR. HARWOOD: That's the twelfth time today,
21 Richard.

22 THE WITNESS: No.

23 BY MR. LEVY:

24 Q After you learned in December of 2000 that he
25 was receiving 80,000 a month from Cerberus and that the

CH-11 TRUSTEE/
CrowleyAdmin001859


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1 judge had found an actual conflict, did you ever have a
2 discussion with him in which you suggested he give up
3 one relationship or the other?

4 A We had a discussion at a full board meeting. I
5 did not suggest that he give up the Winterland
6 compensation.

7 Q What do you mean, "the Winterland
8 compensation"?

9 A He was a consultant to Winterland.

10 Q Is it your understanding that's why he was
11 receiving \$80,000 a month?

12 A One of the -- Dan's assignments, as I
13 understand it, was to be as CEO of Winterland and then
14 consult on other Cerberus projects as they came across
15 Feinberg's desk.

16 Q And at that board meeting, you did not suggest
17 to give up his relationship with Winterland and
18 Cerberus?

19 A No.

20 Q Or that he give up the compensation of \$80,000
21 a month?

22 A No.

23 Q Did any other board member?

24 A Not that I'm aware of.

25 Q Was the subject discussed?

CH-11 TRUSTEE/
CrowleyAdmin001860

1 A Of him giving --

2 Q Giving up one or the other relationship?

3 A No.

4 Q Was it ever discussed, to your knowledge, after
5 December of 2000?

6 A It was never discussed with me. I don't know
7 if other board members had conversations separately.

8 Q After December 21st, 2000, did you ever discuss
9 with Steve Feinberg Crowley's compensation arrangements
10 with Cerberus?

11 A I have not talked to Steve Feinberg since
12 December 21st, 2000.

13 Q Did you receive a copy of the Deloitte & Touche
14 report?

15 A No.

16 Q Are you aware that Deloitte & Touche filed a
17 valuation report or a report which included a valuation
18 in this case?

19 A Yes.

20 Q And you are aware they did that roughly at the
21 end of July of this year?

22 A Approximately.

23 Q How did you become aware of that?

24 A Our attorneys told me.

25 Q Okay. Did you ask for a copy of it?

CH-11 TRUSTEE/
CrowleyAdmin001861

1 In Re)


2 CORAM HEALTHCARE CORPORATION)
and CORAM, INC.,)

3 Debtors.)
4)

Chapter 11 Case Nos.
00-3299 (MFW) through
00-3300 (MFW)

5
6
7
8
9 I, DON AMARAL, do hereby declare under penalty
10 of perjury that I have read the foregoing transcript;
11 that I have made any corrections as appear noted, in
12 ink, initialed by me; that my testimony as contained
13 herein, as corrected, is true and correct.

14 EXECUTED this 7 day of November,
15 2001, at Glenbrook, NV
16 (City) (State)

17 
18 DON AMARAL

19
20
21
22
23
24
25
CH-11 TRUSTEE/
CrowleyAdmin001890


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Volume 3

384

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
)
CORAM HEALTHCARE CORP. and) Case No. 00-3299
CORAM, INC.,) through 00-3300
) (MFW)
Debtors.)

Bankruptcy Courtroom
No. 1, Sixth Floor
Marine Midland Plaza
824 Market Street
Wilmington, Delaware

Wednesday, November 7, 2001
1:00 p.m.

BEFORE: THE HONORABLE MARY F. WALRATH,
United States Bankruptcy Judge

-- Transcript of Proceedings --

WILCOX & FETZER
1330 King Street - Wilmington Delaware 19801
(302) 655-0477

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1372
01/15/02

Amaral - Direct

400

1 A. No.

2 Q. I'll ask it again just more specifically.

3 Did anyone within the Cerberus
4 organization, including Mr. Feinberg -- you knew
5 Mr. Feinberg at this time, didn't you?

6 A. Yes.

7 Q. He was one of your fellow directors; is that
8 right?

9 A. Yes.

10 Q. Did he ask you in any way to hire Mr. Crowley as
11 the CEO?

12 A. No.

13 Q. Did he offer you the option of not hiring
14 Mr. Crowley? What did he tell you?

15 A. He said we needed to find a new CEO. If I
16 wanted to step back in and run the company, he'd be more
17 than happy with that. But I said I could not do that.

18 Q. Did you negotiate Mr. Crowley's contract with
19 him?

20 A. Yes, I did.

21 Q. At the time that you were negotiating with
22 Mr. Crowley about his contract, what was your
23 understanding of his other business interests?

24 A. I was aware that Mr. Crowley had external

Amaral - Direct

401

1 interests. In fact, he said he would be unwilling to
2 give them up as part of coming on as CEO and they were --
3 he was a consultant to Cerberus, and also that he ran a
4 foundation that bears his name in the north California
5 area.

6 Q. What was your reaction to the fact that he was
7 insistent upon maintaining his other business interests?

8 A. I just wanted to make sure he understood the job
9 in front of him at Coram, that this wasn't something that
10 he was going to be able to do in his spare time.

11 Q. Have you had the opportunity to observe
12 Mr. Crowley's performance since he was initially hired as
13 the company's CEO?

14 A. Yes.

15 Q. What has your observation been of that
16 performance?

17 A. He's done a tremendous job. He's worked very
18 diligently for the company, probably averaging 80 to 100
19 hours per workweek trying to improve the company. He's
20 an exceptionally talented guy with the employees.

21 Q. When did you first learn about the decision of
22 the Bankruptcy Court to deny confirmation of Coram's
23 first reorganization plan?

24 A. Either that day or the next day I was made aware

Amaral - Direct

402

1 of that by the company.

2 Q. What was your understanding of the Court's
3 ruling?

4 A. That the Court had determined that even though
5 the company was substantially insolvent, that there was a
6 conflict of interest between our CEO, Dan Crowley, and
7 Cerberus, one of the debtholders; that the judge was just
8 not comfortable in granting the bankruptcy because of
9 that relationship.

10 Q. Did you ever review any portion of the Court's
11 ruling on this issue?

12 A. I read the last four or five pages of the
13 judge's transcript.

14 Q. Did you do anything in response to the Court's
15 decision?

16 A. Well, my immediate response was we were about
17 ten days away from year-end. I had to start to phase in
18 us and I wanted to be sure we would be taking care of our
19 16,000 patients so come January 1st we would still be in
20 business. So I was really interested in getting a start
21 to the proposal behind us.

22 Q. Was that, in fact, accomplished?

23 A. Yes, it was.

24 Q. After that was taken care of, what, if anything

Amaral - Direct

403

1 else, did you do with respect to the Court's decision?

2 A. I convened the Special Committee, which was
3 comprised of Bill Casey, a healthcare consultant in north
4 California, runs a hospital management company; Sandra
5 Smoley, who is a political person in Sacramento -- former
6 head of Medi/Cal-Medicaid in the state of California; and
7 Peter Smith, who is a businessman in healthcare in
8 Chicago. That really was the Special Committee. I got
9 them all together and said, you know, we need to figure
10 out and go forward where we go from here.

11 After a lot of discussion, it was
12 determined that we needed to hire a financial reviewer,
13 advisor, not so much as to render a fairness opinion, but
14 to go through the plan that Scott Danitz had put together
15 in management and investigate this conflict of interest
16 between Crowley and Cerberus.

17 Q. Have you ever described this process with the
18 metaphor of sprinkling holy water over the numbers? Do
19 you ever recall saying that?

20 A. I used that expression in my deposition and I'm
21 a good Catholic with 12 years of nuns beating on me and
22 that's just an expression that we use to make sure
23 something is pure, right, 100 percent foolproof.

24 Q. Were Miss Smoley, Mr. Casey, and Mr. Smith, to

Amaral - Direct

411

1 know him?

2 A. Scott joined my management team when I was the
3 CEO the first time as the chief accounting officer there
4 at Coram and he was hired by Rick Smith, who was then the
5 CFO, and myself.

6 Q. Do you have a view as to his abilities?

7 A. Exceptional.

8 Q. How about his integrity?

9 A. Never in question.

10 Q. Did you have any concerns about whether or not
11 Mr. Crowley, during this period, might exert any
12 influence over Mr. Danitz's work product?

13 A. I was never concerned with that.

14 Q. Why?

15 A. Because just the type of guy Scott would be, he
16 would either come to me or the board or he would leave
17 before he would jeopardize his work product or his
18 reputation.

19 Q. During this period between the identification of
20 the conflict and the inclusion of the report, was there
21 an audit going on?

22 A. Yes. The year-end audit was being completed by
23 E&Y.

24 Q. Did you consider having Mr. Crowley step down as

Amaral - Direct

412

1 the CEO of Coram after the time the conflict was
2 identified but prior to the issuance of the Goldin
3 report?

4 A. No. We were -- no, we never asked Mr. Crowley
5 to step down or even considered that. We were more
6 concerned that the company was in such a tough situation
7 that he may become disgusted and leave the company, so we
8 were concerned because there was no one that could step
9 back in immediately and hold the company together.

10 Q. Did you have a view at this time as to what
11 would happen to Coram if Mr. Crowley left it?

12 A. We would perish.

13 Q. Now, after the decision by the Court in December
14 of last year, did you have a discussion with Mr. Crowley
15 about the Court's findings?

16 A. Me, on a one-on-one basis, no, but we met with
17 Mr. Crowley. All the independent outside directors met
18 with him and he discussed the situation.

19 Q. What do you recall him saying?

20 A. That he reminded us of the relationship. He
21 told us of the dollar amount and that it was still in
22 force today.

23 Q. Have you given any consideration to whether
24 Coram would have performed better had it been run by a

Amaral - Direct

424

1 EBITDA?

2 A. No.

3 Q. What is the current arrangement?

4 A. He went back to the original agreement that I
5 negotiated with him in October/November of 1999 where he
6 received his base salary plus bonus opportunity of three
7 times base.

8 Q. How did that come about?

9 A. The -- Crowley came to the Compensation
10 Committee along with the entire package from management.
11 We went through things. He said the state of affairs,
12 where the company was today, the company was in a
13 different position and that we should go back to the
14 original compensation that he and I had negotiated.

15 Q. Has a new contract been signed?

16 A. No.

17 Q. Why not?

18 A. I believe it's incorporated with the bankruptcy
19 filings and will be approved when the bankruptcy is
20 approved.

21 Q. One last group of questions.

22 Who decided to put CPS up for sale?

23 A. I did.

24 Q. When was that?

Amaral - Direct

425

1 A. Probably at the end of my tenure, April --
2 March/April of 1999.

3 Q. Why did you decide to put CPS up for sale?

4 A. Because I was worried about its future. It was
5 burning a tremendous amount of cash that we didn't have
6 building inventories. It was in a business where the
7 majority of the patients were controlled by Coram -- were
8 referred as Coram patients to them.

9 And I also was worried that some of the big
10 drug retailers being the Rite-Aids, Walgreens, et cetera,
11 were going to get into the business and just smash our
12 margins.

13 Q. When Crowley came on board at Coram, was CPS
14 already on the market?

15 A. Yes.

16 Q. Did you play any further role in the CPS sale
17 after Mr. Crowley came in?

18 A. I strongly urged Dan that when the bids came in
19 substantially lower than what the investment bankers had
20 initially stated to them, that we should take the offer,
21 use the proceeds, pay down debt, go forward, along those
22 lines.

23 Q. Do you have the view, Mr. Amaral, as to whether
24 or not the price received for CPS was fair?

Amaral - Cross

437

1 A. Yes, when we hired him.

2 Q. Pardon?

3 A. Yes, when we hired him.

4 Q. Tell me about that.

5 A. We were aware of the situation. He made the --
6 myself and the entire board of directors aware that he
7 had a relationship with Cerberus that he would be
8 unwilling to give up in order to become the CEO of Coram.

9 Q. What didn't he tell you at that time?

10 A. How much money he was being paid.

11 Q. Or that he had signed an employment contract
12 denominating him a full-time employee of Cerberus;
13 correct?

14 A. Yes.

15 Q. He did not tell you that?

16 A. No.

17 Q. You talked with Mr. Friedman about fiduciary
18 duties. Do you understand that those fiduciary duties
19 included duty of loyalty and a duty of care?

20 A. Yes.

21 Q. You learned right after December 21st from
22 reading the four pages of the Court's opinion that you
23 say you read that the Judge had concluded that
24 Mr. Crowley's conduct, and I quote, did, in fact, taint

Amaral - Cross

438

1 his ability to serve as CEO of the debtor; correct?

2 A. I remember that, yes.

3 Q. After reading that, you've already testified you
4 didn't ask Crowley to give up his job at Coram; correct?

5 A. Correct.

6 Q. Did you ask him to stop taking \$80,000 a month
7 from Cerberus?

8 A. No.

9 Q. You didn't even ask him?

10 A. No.

11 Q. So far as you know, did any director ask him to
12 do that?

13 A. No.

14 Q. When you did that, you didn't have -- or when
15 you didn't do that, I should say, you didn't have the
16 benefit of Mr. Goldin's views that no damage had been
17 done, did you?

18 A. No.

19 Q. Two weeks ago you were not aware that
20 Mr. Crowley continues to receive \$80,000 a month; is that
21 correct?

22 A. If that's what my deposition reflects.

23 Q. Give me your recollection.

24 A. I believed that I wasn't aware.

Amaral - Cross

440

1 his testimony.

2 THE COURT: Sustained. It's repetitive.

3 MR. LEVY: I'm sorry?

4 THE COURT: It's repetitive.

5 MR. LEVY: Repetitive? Okay.

6 BY MR. LEVY:

7 Q. Isn't that something you'd want to know as a
8 director, that he is still getting paid after the Judge
9 said that the payment caused a taint?

10 A. When you asked me the question, I didn't know as
11 of that moment if he still was being paid. When he
12 talked to the entire board back in the latter part of
13 December/January, he made us aware that he was staying as
14 a consultant to Cerberus.

15 Q. You say as a consultant?

16 A. Yes.

17 Q. But you did testify last December that you knew
18 that he had signed a contract that said he was a
19 full-time employee rather than a consultant?

20 A. I did not state that.

21 Q. Back to page 52, line 18: Did you give this
22 testimony:

23 "QUESTION: Okay. Did Mr. Feinberg at that
24 or any other time disclose that Mr. Crowley was a

493

1 State of Delaware)
2 County of New Castle)

3

4

C E R T I F I C A T E

5

6

7 I, Kathleen White Palmer, Registered
8 Professional Reporter and Notary Public, do hereby
9 certify that the foregoing record, pages 384 to 493,
10 inclusive, is a true and accurate transcript of my
11 stenographic notes taken on Wednesday, November 7, 2001,
12 in the above-captioned matter before the Federal
13 Bankruptcy Court.

10

11 IN WITNESS WHEREOF, I have hereunto set my hand
12 and seal this 8th day of November, 2001, in
13 New Castle County.

12

13

14

KATHLEEN WHITE PALMER,
Notary Public-Reporter

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23

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Volume III

403

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:) Chapter 11
)
CORAM HEALTHCARE CORP. and) Case Nos. 00-3299(MFW)
CORAM, INC.,) through 00-3300(MFW)
)
Debtors.) Jointly Administered

United States Bankruptcy Court
Courtroom No. 2A
844 North King Street
Wilmington, Delaware 19801

December 13, 2001
9:00 a.m.

BEFORE: THE HONORABLE MARY F. WALRATH
United States Bankruptcy Judge

Transcript of Proceedings

WILCOX & FETZER, LTD.
1330 King Street - Wilmington, Delaware 19801
(302) 655-0477

Dan Crowley - Redirect (Friedman)

457

1 MR. LEVY: I'm sorry. It's as leading as a
2 question can be.

3 THE COURT: Overruled. Overruled.

4 A. I didn't advise. I did not advise them every
5 month what I was being paid

6 BY MR. FRIEDMAN:

7 Q. You testified in response to Mr. Levy's question
8 that, in November of 1999, when you signed your contract
9 with Coram, that at that time the Directors were not
10 aware that you were getting \$80,000 a month from
11 Cerberus. Do you recall that testimony?

12 A. Yes.

13 Q. At that time were the Directors aware that you
14 had a business relationship with Cerberus?

15 A. Yes. They were aware.

16 Q. Since December of the last year, have the
17 details of your relationship with Cerberus been publicly
18 disclosed?

19 A. Yes.

20 Q. To your knowledge, on how many separate
21 occasions?

22 A. At least five.

23 Q. Can you identify those separate occasions?

24 A. SEC filing for the year ended 2000. It's called

Dan Crowley - Redirect (Friedman)

458

1 a 10-K. It's disclosed. There's an SEC filing for the
2 quarters ended March, June, and September. It's called
3 10-Q. It's been publicly disclosed in writing in these
4 documents. And there's a public filing with the
5 confirmation hearing reorganization plan that's been
6 printed and widely distributed in a public document. So
7 at least those five. And then there was the disclosure
8 to the Board in a face-to-face meeting.

9 Q. Since you became the CEO of Coram in November of
10 1999, how much money have you actually received from
11 Coram in compensation?

12 A. I received my base salary. It's paid in
13 every-two-week increments. It's the same base salary.
14 I've not had a raise in two years. I'm paid for my
15 vacation. I'm paid for a car allowance. And I'm paid
16 for temporary living. I never received anything else.
17 Nothing else.

18 Q. What is your base salary?

19 A. 650,000.

20 Q. And just so the record is clear on this, what
21 was your involvement in the development of the current
22 plan of reorganization being considered by the Court?

23 A. I was uninvolved in the development of the plan
24 being considered by the Court. No involvement.

531

State of Delaware)
)
County of New Castle)

C E R T I F I C A T E

I, Ann M. Calligan, Registered Merit Reporter and Notary Public, do hereby certify that the foregoing record, pages 403 to 530, inclusive, is a true and accurate transcript of my stenographic notes taken on December 13, 2001, in the above-captioned matter.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 13th day of December, 2001, at Wilmington.

Ann M. Calligan

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE DISTRICT OF DELAWARE
3 -----

4 In re: : Chapter 11
5 CORAM HEALTHCARE CORP:
6 and CORAM, INC. :
7 : Case NO. 00-3299
8 Debtors :
9 :-----

10 Tuesday, February 25, 2003
11 -----

12 Pretrial examination of HON. ARLIN ADAMS,
13 held in the offices of Schnader, Harrison
14 Segal & Lewis, 1600 Market Street,
15 Philadelphia, PA 19103, commencing at
16 9:35 a.m., on the above date, before Mickey
17 Dinter, Registered Professional Reporter
18 and Commissioner of Deeds for the
19 Commonwealth of Pennsylvania.

20 -----
21 BRUSILOW & ASSOCIATES
22 COURT REPORTERS & VIDEOGRAPHERS
23 1926 Arch Street - 1st Floor West
24 Philadelphia, PA 19103-1404
25 215.977.9700 - www.brusilow.com
26 -----

L 04368

1 A. I never perceived that Mr. Crowley
2 was operating in order to help Cerberus or
3 Goldman or whoever these creditors were.
4 My perception was that he was operating
5 this company as effectively as he could
6 have been at the time under the
7 circumstances. The figures supported that.
8 My interviews with the executives supported
9 that when I went out into the field.

10 Q. We are in March, still in March.

11 A. Yes. That's when I had these
12 interviews with the executives.

13 Q. Are you aware that Judge Walrath in
14 her opinion made a finding of fact that
15 everything, that nothing Crowley did would
16 have been without, without unduly
17 considering the interests of Cerberus?

18 A. At that time, yes. I am concerned.
19 I was concerned.

20 Q. Were you concerned when you went out
21 there in March?

22 A. Certainly. I wouldn't have had the
23 discussion with them.

24 Q. Were you concerned when you let him

L 04431

134

1 repeat on the record what you just said
2 about Exhibit 9.

3 A. Yes, sir. Near the end of the
4 morning session, Mr. Levy, you were asking
5 me some questions about Trustee's Exhibit 9
6 dated October 28, 2002. I think you were
7 wondering how that developed timewise. In
8 thinking about it at lunch, I recall that
9 we were, once again, considering a
10 substitution for Mr. Crowley because we
11 knew that his contract was going to expire,
12 I think, November 30. I may be wrong on
13 that.

14 Q. The 29th.

15 A. Yes.

16 Q. Thank you.

17 I will change subjects now.

18 Let me just review very briefly. Did I
19 understand correctly that after your
20 meeting with Crowley that on March 25, 26,
21 that at that point in time, you had come to
22 the conclusion that Crowley did not have a
23 conflict?

24 A. Pretty much I had come to that

L 04501

135

1 conclusion based on his questions. There
2 was one other thing that took place at that
3 meeting that I thought about and that is my
4 discussion with him about Cerberus, I hope
5 I'm not mispronouncing it. He did say that
6 from time to time they would ask him to
7 evaluate situations, and I said, "Do they
8 compensate you for that?" He said, "No."
9 I said, "Well, if it has nothing to do with
10 Coram, they are not competitors of Coram,
11 they in no way impact on Coram, and you do
12 that off company time, I don't think I
13 would object to that." He said, "Well, of
14 course." Some discussion like that.

15 Q. Let me be clear. One of the
16 conditions was that he not be compensated
17 for --

18 A. That's what I said.

19 Q. That what you said to him?

20 A. That's right.

21 Q. Did he agree that he would not be
22 compensated or seek compensation if he did
23 that kind of work?

24 A. Yes. He said, "Oh, I understand. I

L 04502

1 CERTIFICATION

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11

MICKEY DINTER
Registered Professional Reporter

12

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I hereby certify that the
testimony and the proceedings in the
aforegoing matter are contained fully
and accurately in the stenographic notes
taken by me, and that the copy is a true
and correct transcript of the same.

The foregoing certification
does not apply to any reproduction of
the same by any means unless under the
direct control and/or supervision of the
certifying shorthand reporter.

L 04631

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE: . Case No. 00-3299
CORAM HEALTHCARE, . 824 Market Street
Debtor, . Wilmington, DE 19801
March 3, 2003
9:30 A.M.

TRANSCRIPT OF TRUSTEE'S MOTION FOR AUTHORIZATION TO REJECT
THE EXECUTORY CONTRACT OF DANIEL CROWLEY
BEFORE THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Trustee: Schnader Harrison Segal & Lewis,
LLP
By: BARRY E. BRESSLER, ESQ.
WILBUR KIPNES, ESQ.
RICHARD BARKASY, ESQ.
1600 Market Street, Suite 3600
Philadelphia, PA 19103

Weir & Partners
By: JOHN B. YORK, ESQ.
824 Market Street Mall, Suite 101
P.O. Box 708
Wilmington, DE 19899

Office of the U.S. Trustee
By: RICHARD SCHEPACARTER, ESQ.
J. Caleb Boggs Federal Building
844 King Street, Lockbox 35
Wilmington, DE 19801

Audio Operator: Jennifer M. Patone

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Adams - Direct

14

1 A Oh, maybe a week or so after I was appointed. The first
2 thing I did after I was appointed was to read carefully the
3 opinions written by Her Honor relating to this matter, and then
4 I called Mr. Crowley and arranged to go to Denver, told him I
5 wanted to meet with him and his entire staff, and he set that
6 meeting up. I forget the date, but it was some time in the
7 latter part of March. And I went out to Denver and talked with
8 Mr. Crowley for, I don't know, two hours, maybe three hours,
9 and then met with the entire staff, first collectively, but
10 then I asked that I be given the opportunity to meet with each
11 of the executive staff individual and on a private basis.

12 Q It is accurate that of the -- approximately the 2,100
13 employees that Coram has, about 100 are in Denver.

14 A About that.

15 Q But members of the senior executive were brought in from
16 elsewhere around the country to meet with you?

17 A They were, and there were approximately fifteen. I can't
18 tell you precisely the number.

19 Q When you first met with Mr. Crowley was there any
20 discussion of Her Honor's opinion or of his then current
21 relationship with Cerberus?

22 A There was. Almost the first thing I did with Mr. Crowley
23 was to ask him about the conflicts and that had been referred
24 to in the opinions that I've just averted to, and he assured me
25 that he had no further contractual relationship with Cerberus.

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1 except for the remaining claim under the contract for work that
2 he had done prior to my appointment that had nothing to do with
3 Coram, and I made it clear to him that he could not take any
4 compensation from Cerberus for anything except that claim and
5 that he could not spend any time that he would ordinarily be
6 devoting to Coram in order to deal with any of the remaining
7 Cerberus matters.

8 He gave me that assurance.

9 Q Did he also discuss with you that that he still had some
10 talking relationship with Cerberus?

11 A He did. He said from time to time Cerberus asked him to
12 give his comments or opinions about matters that came to their
13 attention, and I said, "Well, you could do that, but you have to
14 make sure that those matters could have nothing to do with
15 Coram, couldn't be a competitive situation or anything of the
16 sort," and the reason why I gave them -- him that opportunity,
17 although I was mindful of the judge's concerns, was I knew he
18 had a substantial claim against Cerberus, and I didn't want to
19 do anything to prejudice that claim. I didn't think that was
20 fair on my part.

21 And I knew that if I was going to succeed as a Trustee it
22 was important to have a good relationship, not only with Mr.
23 Crowley, but all of his people. And that's the style that I
24 use in handling these matters. Some people don't use that
25 style. Mr. Levy, for example, uses a very confrontational